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August 16, 2012

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Ms. Cynthia T. Brown, Chief
Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20024

ENTERED
Office of Proceedings
August 16, 2012
Part of
Public Record

Re: Finance Docket No. 35654, *Genesee & Wyoming Inc. -- Control -- Rail America, Inc., et al*

Dear Ms. Brown:

Please refer to the Joint Reply In Opposition To Motion To Establish A Procedural Schedule (Joint Reply) filed in behalf of Winamac Southern Railway Company and US Rail Corporation on August 15, 2012.

This constitutes a correction and supplementation of statements made on page 3 of that Joint Reply to the effect that the proposed control would create a conglomerate owning or controlling approximately 100 rail carriers responsible for handling nearly one million carloads of traffic per year.

As substantial as those numbers are, they are understated and do not fully characterize the strength of the conglomerate. As reported in *Progressive Railroading*, copy attached, the combined conglomerate would:

1. own or control 111 rail carriers;
2. manage 15,100 miles of track;
3. handle 1,835,000 carloads per year;
4. employ 4,300 persons;
5. operate 1,000 locomotives and 22,100 railcars; and
6. generate \$1.38 billion in annual revenue.

The Board is respectfully requested to permit this correction and supplementation.

Respectfully Submitted,

Tom McFarland

Thomas F. McFarland
Attorney for Replicants

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cc: Fritz R. Kahn, *by UPS overnight mail*
Scott Williams, *by UPS overnight mail*
Terrence M. Hynes, *by UPS overnight mail*
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If approved by the Surface Transportation Board (STB), the RailAmerica Inc. acquisition would prompt significant long-term growth for Genesee & Wyoming Inc. (GWI), as well as increase the diversification of customers and commodities, GWI officials said yesterday during a teleconference held to discuss the transaction.

The acquisition — through which GWI would acquire RailAmerica for \$27.50 per share in cash, a deal totaling about \$1.4 billion in equity and \$600 million in debt — would drive new traffic.

"The company would originate or terminate more than 4 percent of all U.S. carloads balanced across all North American Class I," said GWI President and Chief Executive Officer Jack Hellmann during the call.

Also as a result of the deal, the focus of the company's revenue would shift back to North America — for now, he said. Business growth is still going strong in Australia, where GWI likely will register faster growth over time, said Hellmann. Moreover, the transaction would mean an increased exposure to the eventual U.S. economic recovery coupled with continued exposure to China's growth via Australian operations, positioning GWI to benefit from two of the most attractive long-term macro-economic trends in the global economy, he said.

The acquisition of RailAmerica's 45 regionals and short lines in the United States and Canada would boost GWI's railroad holdings to 108 in North America and 111 worldwide. In addition, GWI would manage 15,100 miles of track, including more than 13,000 in North America (versus a total of 7,600 miles now); handle 1,835,000 carloads annually (versus 995,000); employ 4,300 people (versus 2,500); operate 1,000 locomotives and 22,100 rail cars (versus 600 and 13,800, respectively); and generate \$1.38 billion in annual revenue (versus \$829 million).

To integrate RailAmerica, GWI would be structured into 10 North American regions, including new upper Midwest and lower mid-states regions, and expanded Canada,

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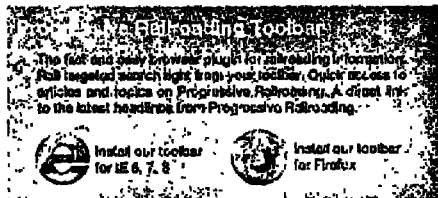
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New York/Pennsylvania, Ohio, Illinois, Southern, Rail Link, Mountain West and Pacific regions. GWI plans to "retain a lot of good people" at RailAmerica, especially in upper management positions, said Hellmann. Some corporate overlap exists, but very little in operations, he said.

GWI's commitment to safety and service, intensity of local commercial development and strong long-term partnerships would help drive additional rail traffic across all Class I connections, said Hellmann. The integration will combine the best attributes of both companies to further sharpen business practices across all railroads, and provide GWI better visibility to the national rail network, he said.

GWI plans to submit an application to the STB in early August, part of which seeks permission to close into a single voting trust pending final board approval. The STB will study the transaction's anti-competitive effects, but RailAmerica and GWI are "separate and distinct" companies that have few touch points, GWI officials said.

Closure into a voting trust could occur in the third quarter, with formal STB approval issued as early as the fourth quarter or as late as third-quarter 2013, Hellmann said. RailAmerica's railroads would be held in trust for any interim period and the integration of companies would commence following STB approval.

To help finance the acquisition, GWI obtained a \$2.3 billion debt commitment from Bank of America Merrill Lynch and an \$800 million equity commitment from The Carlyle Group.

The RailAmerica transaction doesn't necessarily mean GWI won't pursue other acquisitions — there are other opportunities in the United States, said Hellmann.

"We can walk and chew gum at the same time," he said. "But for the moment, our main priority is this transaction."

Meanwhile, a number of law firms yesterday announced they filed lawsuits against RailAmerica claiming the company's board members might have breached their fiduciary duties and violated other laws by entering into the acquisition agreement with GWI.

— [Jeff Stargel](#)

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